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MEMORANDUM OF INFORMATION

Subj: Berlin Situation (C)

1. The Special USIB Subcommittee on the Berlin Situation, Special Report dated 24 July 1961, concludes that:

a. During the reporting period, Khrushchev and other Soviet officials have used forceful terms in attempting to impress on the West that the USSR will not be deterred from its announced policy on Germany and Berlin by any Western military measures and will be prepared to match such Western moves. At the same time, the USSR's preference for early negotiations, apparently at a high-level four-power conference, has been evident in Khrushchev's statements and in several private remarks by bloc spokesmen.

b. Despite hints that a separate treaty with East Germany might be signed as early as September, there is no convincing evidence that Khrushchev has altered his expressed intention to wait until the West German elections and probably until after the CPSU congress in October. Private remarks by Soviet officials provide further evidence that if negotiations are begun before the end of the year, Khrushchev's 1961 deadline would not apply.

c. Since our last report a combination of events have coincided to produce an increasing serious internal situation for the East German regime. A further deterioration in the economic situation and the effect of the bloc's more threatening tone on Berlin have increased popular discontent and apprehension. These factors have been added to the usual preference of refugees to flee during the summer months. East German moves to curtail the flow of refugees and warnings to the populace that it can expect no improvements in living standards increase the possibility of local spontaneous outbreaks.

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